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SUBJECT: EGYPT'S ECONOMY: September 23 PRESS ROUND-UP

1. (U) The following are notable economic news stories that appeared over the past week in the Egyptian press:

Cost of Subsidies Drops in July 2009

2. (U) A report by the Ministry of Finance showed that the cost of government subsidies in July fell 74% compared with July 2008. The subsidies bill in July 2009 was LE1.3 billion (US\$236 million), down from LE5 billion (US\$909 million) during the same period last year. Minister of Finance Youssef Boutros Ghali attributed the decrease to the decline in the international prices of the subsidized food commodities such as wheat, oil, sugar, and tea along with petroleum products. (Al Ahram, 9/12/2009)

The World Bank Conditions Egypt's Concurrence for Funding Projects along the Nile

4. (U) The World Bank (WB) reiterated its position that it needs Egypt's agreement before funding water projects along the Nile in upstream countries. Representatives from Ethiopia, Kenya, and Uganda accused the WB of being impartial and siding with the Egyptians and Sudanese interests over Nile water rights issues. Under the umbrella of the Nile Basin Initiative (NBI), the World Bank is providing grants of US\$250 million and is working to make about US\$1 billion available in loans for Nile projects (Al Shorouk, 9/17/2009).

Egypt Helps South Sudan in Water Projects

5. (U) The Minister of Irrigation and Water Resources, Nasr Allam said that Egypt will assist the Sudanese government in the site selection and the construction of a multi-purpose dam in Southern Sudan. This dam would provide irrigation for up to 40,000 feddans (41,520 acres) in an area called Waw, west of Bahr El Gazal basin. Other Egyptian projects in South Sudan include a river port in Waw and decontaminating water channels in Bahr El Ghazal (Al Ahram, 9/15/2009).

Natural Gas to Upper Egypt

6. (U) The Minister of petroleum, Sameh Fahmi stated that the government would complete the final phase extending the national gas grid south to Aswan by the end of 2009. The new section of the gas grid will be the longest section at 930 km (Al Ahram 9/15/2009).

Telecommunication during the Month of Ramadan

17. (U) The National Telecommunication Regulatory Authority (NTRA) announced that the fifty five million subscribers of the three wireless operators working in Egypt (MobiNil, Vodafone, and Etisalat) sent more than 130 million SMS Ramadan greetings during the few days before the start of Ramadan at a total cost of around LE37 million (US\$6.72). Competition between the three wireless operators has increased and pushed down the price of a regular wireless phone call during the month of Ramadan to 5 piasters per minute (0.9 cents) from the usual 25- 45 piasters (4.5 - 8.2 cents) per minute. Egypt's fixed-line telephone monopoly Telecom Egypt (TE) lost significant income because of the lower prices offered by the wireless operators. Minister of Telecommunication and Information Technology, Tarek Kamel criticized the wireless operators for their price cuts, stating that the reduced prices might lead to a reduction in the quality of the service. He added that NTRA might impose fines and punitive measures on the cell phone companies if the "unrealistic" prices continue after the month of Ramadan (Al Masry Al Youm, Al Shorouk, Al Alam Al Youm, 9/14/2009, 9/13/2009).

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